



What are some public policies that can help encourage the increased use of AFVs?

Public policy makers can foster the use of alternative fuel vehicles in environmental justice communities by supporting various public policies that “level the playing” field for alternative fuel vehicles relative to gasoline and diesel fuel. Currently, the primary barrier to the widespread implementation of alternative fuel vehicles is cost. Alternative fuel vehicles for the most part cost more to buy than conventional vehicles. However, grants and tax credits are available to help offset the cost of alternative fuel vehicles. Infrastructure for refueling them and garage modifications where they are garaged also have to be made.

From a public health and public policy perspective, these added costs are justified due to the environmental and health benefits that alternative fuel vehicles provide. The full costs of environmental damage, of treatment for the respiratory conditions, including asthma, especially among children, run into the tens of millions of dollars but are hard to precisely quantify. Diesel emissions have been long recognized as a leading trigger for asthma attacks, the leading cause of absenteeism from schools. The following public policies are urgently needed to ensure that the pace of alternative fuel vehicle use programs is accelerated.

Incentives for AFV Acquisition and Refueling Infrastructure

Since perhaps the primary barrier to the switch to cleaner transportation technologies is the increased cost relative to the conventional technologies, public policies aimed at creating a level economic playing field are most important. Increased costs may come in the form of incremental costs of vehicle acquisition or retrofit, refueling infrastructure, operating costs, maintenance costs and training. Incentives and funding for implementation of clean fuel and alternative fuel programs can level the playing field for clean versus conventional technologies. In addition to direct monetary incentives, such as those that support the research and development of new technologies and other incentives, such as HOV lane access and “green parking” privileges can also help encourage the increased use of AFVs. Some of the existing incentives available include:

- ?? Existing Grant Funding (see attachment on existing funding and incentives)
 - Clean Air Communities for Heavy Duty Diesel conversions/retrofits
 - New York City CMAQ for Private Fleet Acquisition
 - New York City CMAQ for Taxi Acquisition
 - U.S. DOE for Clean Cities Projects, including Vehicle Acquisition and Refueling Station Development for designated Clean Cities
 - New York State Clean-Fueled Bus Program, funded by the Clean Air/Clean Water Bond Act, for state and local transit agencies, municipalities, and schools for up to 100% of the incremental cost of new alternative-fuel buses, and associated infrastructure.

?? Existing Tax Credits

- NYS 60% tax credit for AFV acquisition
- NYS Tax Credit for AFV refueling infrastructure
- Federal Tax Deductions for AFV purchases and refueling station development

B. New Policy Opportunities

In addition to these existing programs, more work is needed to help encourage the use of AFVs by both government and private fleet operators. Some areas of opportunity are outlined below:

- ?? New funding programs. Other states, such as California (Carl Moyer program) and Texas (SB 5) have funds that are dedicated to supporting the conversion of heavy duty vehicles to alternative fuels. New York should look at adopting a similar program to assist private fleets convert their fleets to alternative fuels.
- ?? Extension of NYS Tax Credits. The current slate of tax incentives in New York State is scheduled to expire in 2003. New York State should commit to supporting the extension of these incentives through at least 2008.
- ?? Fuel Tax Incentives for Alternative Fuels. Alternative fuels and conventional fuels are currently taxed the same rate by the State and City of New York. The reduction of the City and State fuel taxes for alternative fuels could help create a significant cost differential between the cost of conventional and alternative fuels and should be explored further.
- ?? Non-monetary incentives such as Green Parking, HOV restriction exemption for AFVs can also help encourage the use of AFVs and should be explored.
- ?? Empowerment Zone Funding/Incentives. The creation of tax incentives specifically targeted to EJ areas could help stimulate the development of AFV programs in these areas.
- ?? New regulations that allow development of LNG refueling facilities. The LNG vehicle market will not develop until regulations permitting the development of LNG fueling facilities are implemented. The development of these regulations will offer fleets the additional option of LNG alternative fuel vehicles.
- ?? New York City Clean Cities Program. New York City should join the U.S. Department of Energy's Clean Cities Program to take advantage of grant programs and other services.